GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3190
ANSWERED ON:22.03.2002
EMBEZZLEMENT OF FUNDS BY BANK EMPLOYEES
SHANKERSINH VAGHELA

Will the Minister of FINANCE be pleased to state:

(a) whether the Supreme Court on February 17, 2002 held that even minorembezzlement by bank employees could warrant their dismissal from service as banks were regarded as the custodian of public savings;

(b) if so, the details thereof;

(c) whether in pursuance of this ruling, the government have reviewed the cases of those of the bank employees involved in embezzlement and dismiss them without any delay from their services;

(d) if so, the number of such bank employees facing charges of embezzlement; and

(e) the other steps taken or proposed to be taken to check embezzlement of public savings by bank employees?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a), (b), (c) & (d):- The Supreme Court while disposing off a Special Leave Petition filed by UCO Bank against the judgement of the High Court of Punjab & Haryana has given a judgement on 17/18 February 2002 upholding the penalty of removal of service imposed by the disciplinary authority in UCO Bank against its employee for the gross misconduct of failing to deposit a sum of Rs.864/-, which was tendered to him by several customers for crediting their respective accounts. The Supreme Court also held that the decision of the High Court to reinstate the employee was a case of misplaced sympathy and was not justified. Banks take action against their employees for their involvement in frauds/ other lapses in accordance with the procedure laid down in their respective conduct/ disciplinary regulations. As on September 2001, 2194 delinquent employees of public sector banks were facing departmental action for their involvement in frauds, omission and commission etc. including embezzlement. Recent orders of Supreme Court would no doubt be kept in mind while deciding their cases.

(e):- Systems are already in place for prevention of frauds including those by banks` own staff. Some of the steps taken in this regard are i) strict verification of the antecedents of all persons selected for appointment in banks, ii) instructions to employees handling various duties by way of book of instructions, iii) rotation of staff at periodic intervals, iv) exemplary and deterrent punishment for involvement in frauds/ malpractices and v) precautions in respect of accounts of bank employees, etc.